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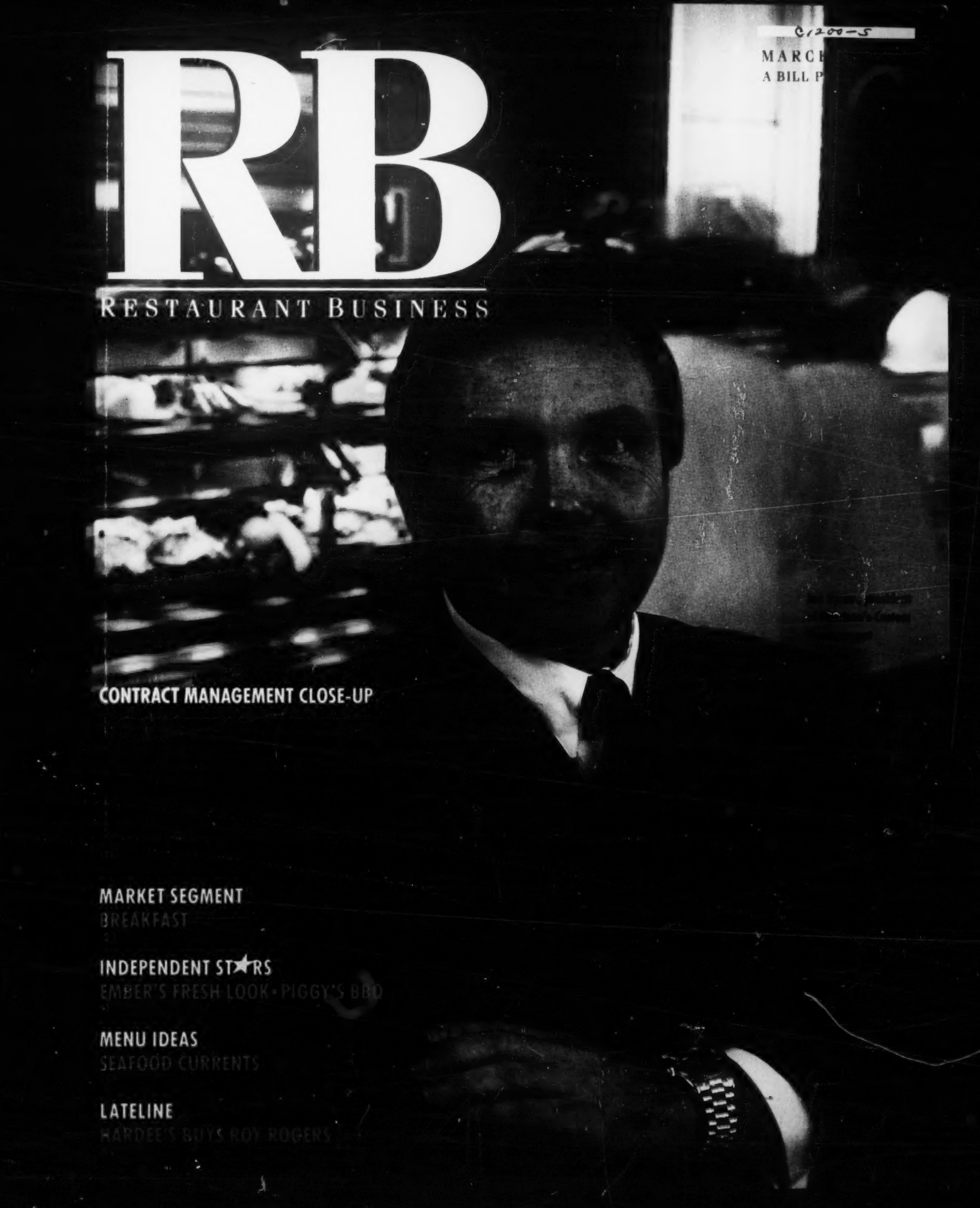
RESTAURANT BUSINESS



CONTRACT MANAGEMENT CLOSE-UP

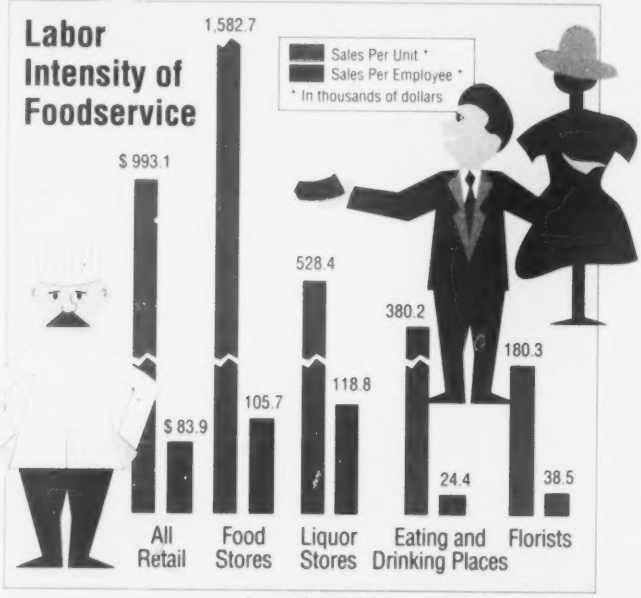
MARKET SEGMENT
BREAKFAST

INDEPENDENT STARS
EMBER'S FRESH LOOK • PIGGY'S BBQ

MENU IDEAS
SEAFOOD CURRENTS

LATELINE
HARDEE'S BUYS ROY ROGERS

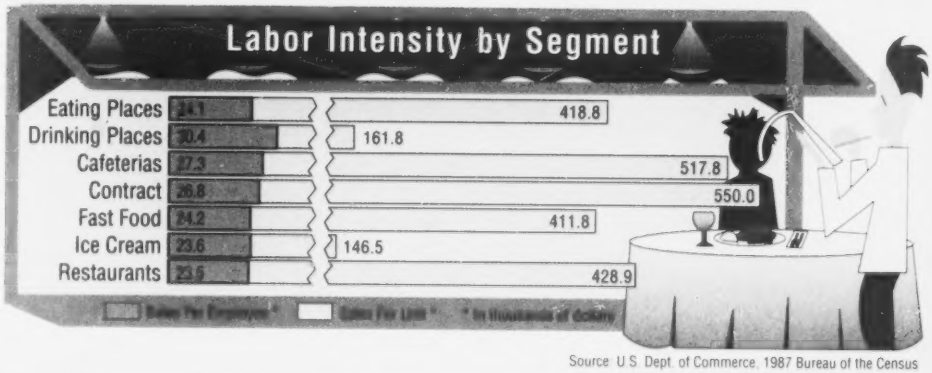
BUSINESS BAROMETER



Source: U.S. Dept. of Commerce, 1987 Bureau of the Census

Foodservice lags behind all other retail businesses in a key measurement of productivity: sales per employee. According to the Census of Retail Trade released last August, eating places generated only $24,400 in annual sales per employee versus $83,900 per employee for retail businesses overall in 1987.

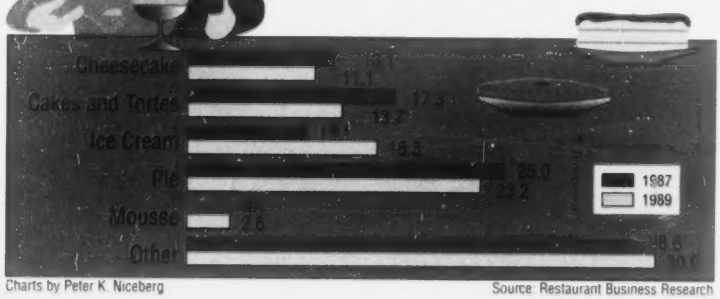
Within the eating place sector, cafeterias achieved the highest sales per employee, followed by contract feeding facilities and fast–food units.



Source: U.S. Dept. of Commerce, 1987 Bureau of the Census

Signature Desserts

(% of operators who offer these desserts)



Charts by Peter K. Niceberg

Source: Restaurant Business Research

RB **research shows that operators have trended away from such traditional favorites—cakes and pies—in favor of more ice cream desserts. At least 25% of restaurateurs questioned said they update their dessert menus daily.**

RESTAURANT BUSINESS

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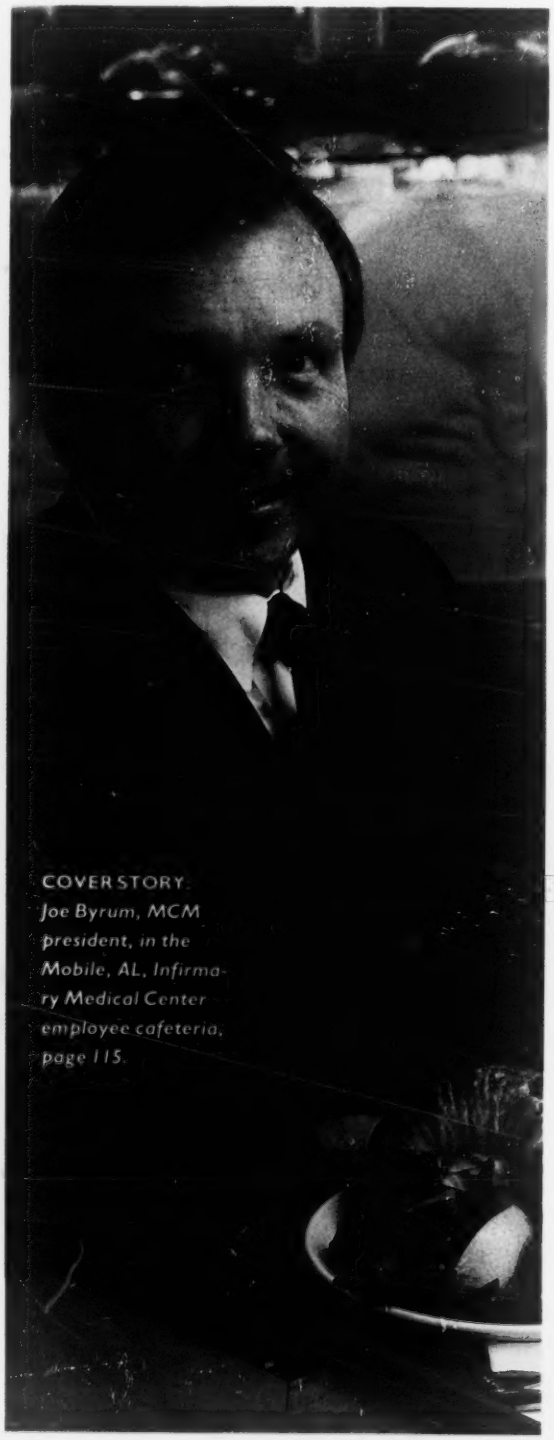

COVER STORY: *Joe Byrum, MCM president, in the Mobile, AL, Infirmary Medical Center employee cafeteria,* *page 115.*

COVER STORY

CONTRACT MANAGEMENT MORRISON'S. Boosted by key acquisitions and ongoing innovation, Morrison's Custom Management is an impact player in contract management. In health-care services, it leads the industry and has entered a high-profile marketing alliance with McDonald's. In that segment, and in B&I and colleges, it's a trendsetter in healthy dining, take-out, specialty food modules, and brand-name marketing. It's also diversifying into retirement communities and environmental services..... 115

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Cover photograph by Michael Terranova

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HUMAN RESOURCES **RAINBOW ROOM.** Capping off a $27 million year, owner/operator Joseph Baum closed Rainbow on a recent Sunday evening for a pull-out-the-stops party in tribute to the 450 staffers of Rainbow and Aurora 100

INDEPENDENT STARS **PIGGY'S.** This restaurant on the banks of the Mississippi River is a far cry from the stereotype of the down 'n dirty Southwest-style barbecue shack. It is a $1.4 million operation serving more than 200,000 customers per year 108

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UPCOMING INDUSTRY EVENT

The second annual **CENTER-OF-PLATE** Foodservice Conference for Operators, Distributors, Meat Packers, and Processors will be held in Chicago April 2 to 4. For more information, contact Nancy Nugent, American Meat Institute (AMI), PO Box 3556, Washington, DC 20007; 703-841-2400.

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FRANCHISING
The 25th Annual Franchising Report focuses on the tremendous potential for creating new opportunities. As in past years, this comprehensive, state-of-the-industry report includes information on the top 11 major market segments (hamburger, seafood, chicken, pancake, pizza, Mexican, steak, sandwich, ice cream, donut, c-store), as well as the current franchising environment and franchise friction points. Rally's, the fastest-growing second-tier chain, will be featured.

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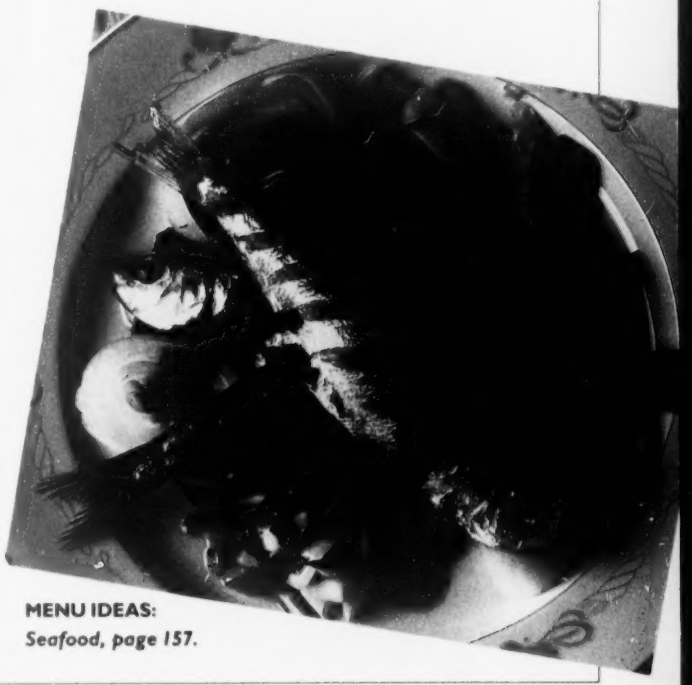
This article takes a look at this savory dish's roots and primary components. It will offer tips on what makes a successful pizza, and why it is so popular. The article will also focus on pizza pies beyond the classic pepperoni and anchovy.

SPIRITS
WORLD CLASS WHISKIES
Top-caliber whiskies are a promotional bright spot in an overall declining spirits market.



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Seafood, page 157.

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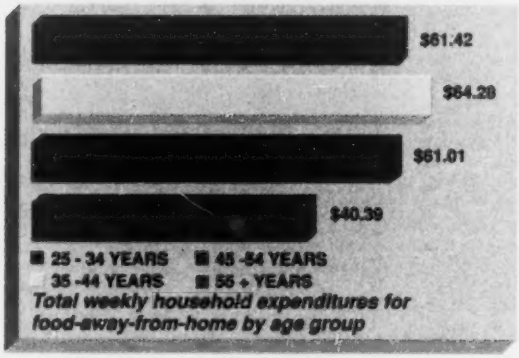
Household Expenditures

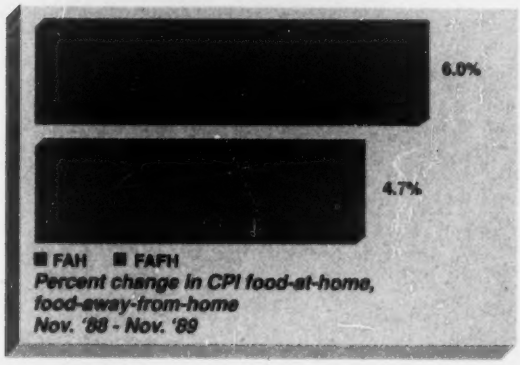


Total weekly household expenditures for Food Away From Home (FAFH) averaged $62.46. Consumers between the ages of 25 and 54 come very close to this average, while consumers over 55 spend significantly less, just over $40 per week.

In light of the "Greying of America" that is taking place, a considerable number of consumers will be shifting from the 45 - to - 54 - year - old age bracket to the 55 - and - over group. As this change occurs, restaurant operators will need to focus on aging baby boomers' needs.

SOURCE: TECHNOMIC, INC.

FAFH Holds Steady



The consumer price index for Food Away From Home increased 4.7% from November 1988 to November 1989, compared with 6.0% for Food At Home (FAH).

The percent change in FAFH continues to be lower than that in FAH due to foodservice operators' difficulty in passing along price increases, as well as the relatively small share of operators' costs directly representing food costs.

SOURCE: U.S. DEPARTMENT OF COMMERCE, BUREAU OF THE CENSUS

NRA's Rusitzky Urges Action on Solid Waste

Operators and suppliers must voluntarily find an integrated solution to the growing solid waste dilemma in order to stave off a flow of bans, taxes, and other legislation, according to panelists at a recent NRA symposium.

The solutions, experts said, must combine such methods as source reduction, recycling, incineration, and the use of biodegradable products.

Held in Washington, DC, the NRA's first solid waste symposium gathered politicians, solid waste experts, suppliers, and operators to confront what NRA president Harris "Bud" Rusitzky called "the industry's most visible issue" for the 1990s.

That visibility, Rusitzky said, has caused foodservice to be singled out for a disproportionate share of the overall solid waste blame. Foodservice packaging accounts for only a fraction of 1% of all landfill space, according to professor William Rathje of the University of Arizona.

"Even though foodservice is only a small part of the total problem, this is its opportunity to be a large part of the solution," said Michael D. Long, executive director of the Franklin County Regional Solid Waste Management Authority in Grove City, OH. "Operators have direct control of the materials they give to consumers."

Action on refuse handling, panelists agreed, will not only preempt cumbersome legislation, but reduce operators' haulage fees and gain favorable publicity.–**Nancy Cohen**

Carvel will now expand beyond the East Coast.

Carvel Eyes National Growth

Yonkers, NY-based Carvel Corp. plans to expand its 56-year-old soft-serve ice cream chain beyond the East Coast.

In the wake of its purchase by Investcorp Inc., a New York City-based investment bank, Carvel will move to improve relationships with franchisees and develop additional frozen dessert products.

Investcorp paid more than $80 million for Carvel and two subsidiaries: the small, New York City-based Nedick's hot dog chain, and Dugan's, a bakery products company.

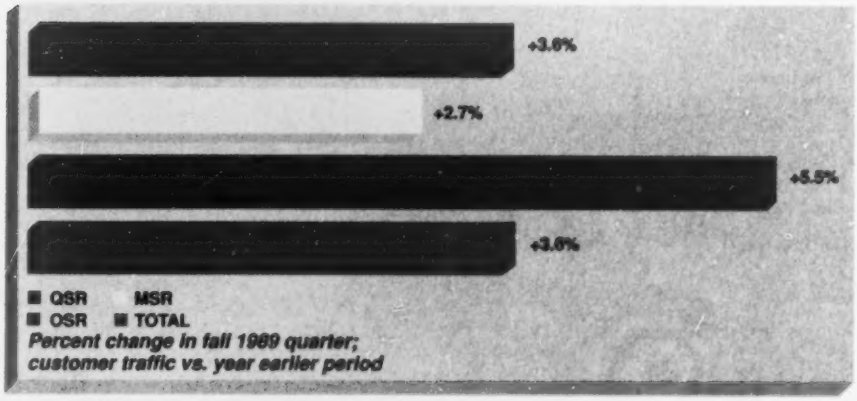
Carvel operates in 17 states, clustered primarily in New York, Florida, Connecticut, Massachusetts, and New Jersey.–**James Scarpa**

Insights cont. on p. 53

MOVING UP....

Scott Santos was named director-personnel at Pizza Hut....McDonald's promoted its president and chief executive, **Michael R. Quinlan**, to chairman and chief executive, effective March 31....**Judith Korey Charles** was named the executive director of the Roundtable for Women....**Egon G. Gronau**, director of operations for New Jersey's Manor, Highlawn Pavilion, and Ram's Head Inn restaurants, was re-elected president of the International Geneva Association, a culinary organization....Marriott Corp. named **Jonathan R. Jameson** vice president-marketing for Marriott Family Restaurants....**Arthur Karp** was sworn in as the 1990 chairman of the **International Franchise Assn.**, moving up from vice chairman....**–Herme Shore**

Customer Traffic Soars



Traffic for the quarter ending November 1989 increased in every segment, with the strongest growth, 5.5%, in upscale restaurants.

According to NPD Research, a CREST service, these increases suggest that consumers are not patterning their frequency to the economy. There seems to be a trend of families moving away from quick service and more towards midscale and upscale, where they can not only "treat" themselves but use credit to pay instead of cash. This theory also supports the rise in midscale traffic after many quarters of decline.

SOURCE: NPD RESEACH, A CREST SERVICE

The International Foodservice Manufacturers Association (IFMA) established the William J. Tobin Scholarship Award for its Foodservice Institute, University of Notre Dame. Tobin is president of Nabisco Brands Inc.'s foodservice division....Jeffrey L. Napoleon was named vice president-sales at **Banfi Vintners**....**Universal Frozen Foods Corp.** appointed Robert S. Horowitz vice president-sales and marketing....Edward K. Jorgensen was appointed senior vice president-sales; Michael P. Shay was named vice president-marketing for **Kellogg Foodservice**, a newly formed division of Kellogg Co. The division unites Kellogg's cereals, Pop-Tarts toaster pastries, Smart Start bars, Eggo brand frozen waffles, Mrs. Smith's brand frozen pies, and LeGout food products....At **Ketchum/Mandabach & Simms,** William H. Schoenwald became senior vice president-group supervisor, and Linda J. Masterson became senior vice president-creative director....As part of the 1990 Silver Oats program, **Quaker Food Service** will donate $10,000 to Second Harvest, America's Food Bank Network, to help feed the hungry....**Ambrosia Chocolate Co.** will start construction on a new multi-million dollar manufacturing facility and headquarters on property recently annexed from Menomonee Falls, a northwest suburb of Milwaukee....JoAnn Maloney was appointed vice president-account services at **The Food Group**....**Ice Craft** is building a $10 million plant in Rockton, IL....**Hatco Corp.** named David G. Hatch to chairman of the board and Ronald C. Halverson to executive vice president....**Del Monte Foods** was acquired by an investor group headed by Merrill Lynch & Co. Inc., for $1.475 billion ....**Douwe Egberts Foodservice,** a division of Sara Lee Corp., has chosen Noble Public Relations as its agency of record....**Micros Systems Inc.** named Paul Armstrong vice president-research and development ....Robert Ritchie was named vice president-commercial sales at **Royal Doulton USA**....**Middleby Marshall Inc.** promoted John T. Hinshaw, C.F.S.P., to marketing manager....James Murphy was elected to the board of directors of **Domecq Importers Inc.**....Dean Abrams was named to the post of vice president-sales at **Seafest/Jac Creative Foods.–Herme Shore**

Michael P. Shay.

Edward K. Jorgensen.

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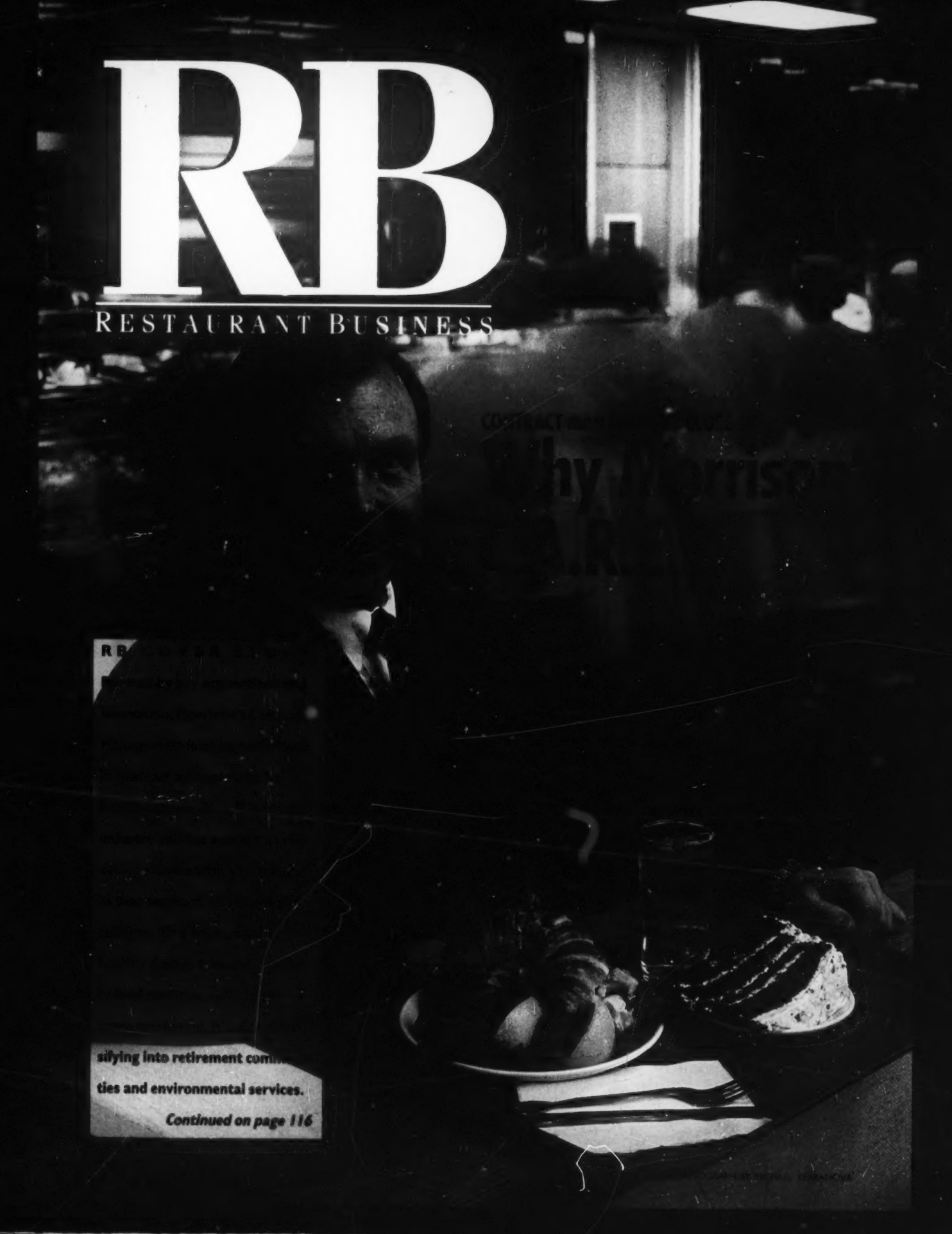

sifying into retirement com
ties and environmental services.

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THE CONTRACT ARM OF MORRISON INC. WILL PLAY A MAJOR ROLE IN ITS PARENT'S GROWTH PLANS.

BY JAMES SCARPA

MORRISON'S CUSTOM MANAGEMENT is betting big on health care.

The contract feeding and management arm of Mobile, AL-based Morrison Inc., Morrison's Custom Management (MCM) is a fast-growing player positioned at the forefront of the foodservice management business. And while MCM has diversified widely in the past three years within the B&I, educational, and environmental support services sectors, it is success in the health-care field that will continue to propel the company forward in the next decade. From 1986 to 1989, MCM more than doubled its revenues and client base to a company record of $345.7 million from 858 units. More than half of these revenues were generated by its health-care sector—in both hospitals and retirement services.

Indeed, while MCM ranks fifth in total revenues behind Marriott Food Services Management, ARA Services, Canteen Corp., and Service America—contractors with revenues measured in the billions—MCM tops them in the number of hospital foodservice clients it serves (see table, page 121). Furthermore, its leadership role transcends sheer numbers, proven by advances in brand-name marketing, menu innovations, in-unit merchandising, food standards, and client retention with its C.A.R.E. (Client Assured Results Evaluation) team.

C.A.R.E. conducts internal audits within existing accounts to ensure each unit's compliance with the conducted service. This strategy directly impacts MCM's excellent client retention record, which currently stands at better than 95%.

RAPID RISE. Morrison's Custom Management has grown quickly through new business and through the introductions of sales-building marketing and point-of-sale programs. The company has jump-started its presence in the contract field by acquiring strong regional companies, and has made promising initial forays into the areas of retirement services and the environmental services. In addition, MCM has entered into a high-profile marketing alliance with McDonald's.

MCM is playing an increasingly important role for its parent Morrison Inc., a diversified foodservice company that has two other main divisions: Morrison's Family Dining (represented by the Morrison's Cafeteria chain) and Morrison's Specialty Restaurants (Ruby Tuesday, L&N Seafood Grill, and Silver Spoon casual dining chains). Between 1987 and 1989, MCM's contributions to Morrison Inc.'s income increased from $8.7 million to $14.3 million.

"We entered the contract management business in 1952 with the anticipation of a good growth market," says E. Eugene Bishop, MCM chairman and CEO. "We have been rewarded, and we know there is still billions of dollars of opportunity yet unrealized in the segment. That's why we're more

MCM targets customers with a retail approach to food service.

excited than ever to have MCM become part of our company."

Key acquisitions have made growth possible, expanding MCM's presence from a regional contractor in the Southeast to a national player with accounts in 39 states and Canada. In 1987, the company—then called Morrison's Management Services—purchased and then subsequently merged with Custom Management Corp., creating MCM and saving the company years of infrastructure-building in the Northeast and Midwest (particularly in university accounts), adding to its management talent in the bargain. The acquisition in 1988 of Dobbs Food Service Management bolstered MCM's presence in the mountain states, while the 1989 purchase of Manask served the same purpose in Southern California.

In the aftermath of these acquisitions, MCM is eliminating duplicate layers of management, standardizing procedures, and winnowing marginal accounts.

"Our main commodity is capable managers," says MCM president and COO Joe Byrum. "We can't spend them on accounts that don't uphold our quality image."

MCM's strong suit is its Health Services segment, which provided 51% of the company's fiscal 1989 revenue. The health-care segment is a market that should continue to grow, according to *Restaurant Business'* Restaurant Growth Index study: Foodservice sales of hospitals and nursing homes with contract feeding are projected to grow at a real compound annual rate of 4.5% between 1988 and 1992. This outperforms the overall industry, with expectations of 2.1% real compound annual growth. As Bishop puts it, "We believe there is plenty of growth remaining in contract services, particularly in health care."

Balancing the opportunities, however, are the unhappy realities of doing business in the health-care field today. Chief among these are skyrocketing costs and tightened federal reimbursement requirements, coupled with declines in admissions and duration of patient stays. These problems are forcing hospital administrators to take a hard-nosed, bottom-line attitude.

CONTRACTOR'S EXPERTISE. But these realities will favor the use of contract foodservice over self-operated services in the health-care market, says Byrum. Administrators are seeking the contractor's expertise and economies of scale to hold down costs, create revenue-enhancing services, and provide increasingly more sophisticated clinical dietitian services.

MCM is moving forward to upgrade its image in its hospital accounts. Institutional-style cafeterias are being remodeled into delis and grills with logoed signage and color-enhanced decor. Executive chefs are being hired to add polish to special dining rooms, catering programs, and hotel-like amenities such as room service and early morning coffee and newspaper deliveries for patients. And marketing and merchandising programs typical of retail settings are being integrated into employee-feeding installations in the health-care facilities—as well as contracted accounts—the company serves.

"The entire segment is becoming more retail in character," says Byrum. "The requirements for foodservice are much more sophisticated than they were even five years ago."

"Administrators do not want food to be a factor in losing patients—and doctors—to another hospital," adds Joe Cassady, who is the division vice president of the Western region.

MCM aims its improved foodservice program at an important target, the physician. It is the physician who refers most of the patients to the hospitals.

"Competition for doctors is intense," says Fred Whitlock, division vice president of the Eastern region. "Administrators think that any amenity that attracts them or keeps them happy is worth it."

But despite rising expectations, hospitals—like their counterparts in the corporate world—have been reluctant to pay subsidies for foodservice, making it a tight squeeze indeed to deliver quality food. Interestingly, however, Byrum has seen signs in the last few months that this situation may finally be changing.

The most exciting single development in health care from MCM's point of view is its marketing alliance with McDonald's. Broward General Hospital in Ft. Lauderdale, FL, is the first example of the marketing alliance with the Oak Brook, IL-based company, and several other facilities are said to be under consideration.

Under the arrangement, MCM operates patient feeding and employee cafeteria operations at Broward General, while McDonald's operates a separate quick-service restaurant elsewhere on the premises. According to the principals, the McDonald's unit targets primarily visitors, and thus complements MCM's employee cafeteria operations, rather than competing with them.

The agreement will focus initially on

continued on page 118

"Hospital administrators don't want food to be a factor in losing patients—or doctors—to another hospital. We have to help them compete in a tough marketplace."

JOE CASSADY

MORRISON INC.
MOBILE, AL

YEAR OPENED
1920

CHAIRMAN AND CEO
E. Eugene Bishop

NUMBER OF UNITS
1,137 in 39 states and Canada

DIVISIONS
Family Dining
Specialty Restaurants
Custom Management

REVENUES
$829 million

NET INCOME
$32 million

STRONG PERFORMANCE

MORRISON INC. HAS MUCH TO celebrate in its 70th anniversary year—besides remarkable longevity and continuous cash dividend payoffs since 1936.

Two of its three divisions, Morrison's Custom Management (MCM) and Morrison's Specialty Restaurants began in 1980 with performance exceeding expectations, and are assuming center stage in the company's growth plans. The third division, Morrison's Family Dining—the company's cafeteria division and largest profit center—is showing signs of improvement after a recent slump in traffic and profits. "We're excited about the growth potential for our company," says E. Eugene Bishop, chairman and CEO, a 42-year Morrison Inc. veteran who has led the company through its most successful decade yet.

In the second quarter of fiscal 1990, MCM posted a 10% increase in revenues and a 13% increase in operating profits. Halfway through the fiscal year, it operates a total of 857 accounts, having opened 67 new accounts and shed 66 marginal ones in a strategic move to improve its client base.

Bishop also cites the strong performance of Morrison's Specialty Restaurant division, particularly the casual dining concept, Ruby Tuesday. The division reported second quarter increases of 31% in revenues and 27% in operating profits. Eighteen new units opened in the first half of fiscal 1990, bringing the total to 98 Ruby Tuesdays, 23 L&N Seafood Grills, and seven Silver Spoons.

To compensate for the slack in Family Dining, the Specialty Restaurant division will quicken its 1990 expansion pace from an initially announced 32 new units to a projected 38, most of them Ruby Tuesdays. Future development of Ruby Tuesday will be divided between its customary niche in regional malls and a new venue: freestanding locations.

Ruby Tuesday features burgers, chicken dishes, fajitas, salads, and pasta dishes, and a fun atmosphere with a memorabilia-bedecked bar and dining room.

E. Eugene Bishop, Morrison Inc. president and chief executive.

IMPROVING. It hasn't been as happy a year for the 162 Morrison's Cafeterias comprising the Family Dining division, which reported declining profits and customer traffic in both quarters of fiscal 1990. Lately, the situation appears to be improving, due to a diminishing rate of decline in customer traffic, the result of in-unit promotions and tighter controls. Family Dining also includes a dozen Sadie's Buffets. The Sadie's concept, still being refined, is described as promising but not ready for a wide-scale rollout.

Morrison Inc.'s favorable prospects for the '90s are testimony to the wisdom of an aggressive divesture and acquisition strategy of the '80s. Ten years ago, the company was mired in the management of 14 disparate businesses, including coffee roasting, insurance, and restaurant equipment, among others.

Under Bishop's direction, Morrison's divested all of its non-foodservice subsidiaries between 1982 and 1989, refocusing its energies and revitalizing its finances. He also presided over the acquisitions that have recast MCM as an impact player in the contract business: Custom Management (1987), Dobbs Food Service Management (1988), and Manask Food Service (1989).

health care. Both companies agree that it could extend to other types of contract accounts.

The alliance allows MCM to associate with the world's most advertised brand name in its new-client prospecting. "We've got an exclusive to offer," says John Pryor, MCM's vice president of sales and marketing. "It gives us much more leverage."

For its part, McDonald's should be able to develop the health-care market more quickly with the benefit of MCM's experience and prominence. The fast feeder currently operates units in 18 hospitals, having entered the field in 1978.

"It's a very happy association for us, in view of Morrison's reputation as a well run, efficient company expert in its field," says Wib Sutherland, McDonald's vice president of real estate. He emphasized that the arrangement was "purely a marketing alliance, not a joint venture. The operations are strictly separate."

The McDonald's arrangement is consistent with MCM's efforts to create a retail environment in all of its contract business. An example is Fast Takes, the new take-out program MCM is rolling out this year in its B&I and employee-feeding outlets. Fast Takes is designed to appeal to employees with limited time for meals—whether they are secretaries in corporate settings or doctors working in hospitals. The company is using name-brand items—including cold cuts, dairy products, ice creams, and beverages—to leverage the power of existing brand advertising while enhancing its own quality image. Modular programs such as "Grab a Fast Takes and You're Outta Here," "Brake For Breakfast," and "Bite Into a Stuffwich" merchandise these nationally known products at point of sale.

The Fast Takes concept includes: Biscuit Breakfasts, a line of oversized biscuits filled with eggs, breakfast meats, and cheese; Stuffwiches, large popover-like sandwiches with meat and cheese fillings; and Fast Bags, complete lunches of entree salads and deli sandwiches with beverages and side items, packed for immediate, "grab-and-go" sales. Each module incorporates well-known branded components.

In addition to building MCM's quality image, Fast Takes acknowledges the market's all-time high in demand for take-out food, says Pryor.

"For the past 18 months, we've seen speed of service become more important than ever before," he says. "It really impacts our business because the decision to patronize a cafeteria is often made far in

advance, considering how long it takes to get in and out."

RETAIL EFFECTS. MCM has developed a number of its own proprietary "brands." The company's Bon Appetit Specialty Modules, for example, can be combined separately or in groups for customized, retail-like effects, to create a "food court" setting for employee feeding. Options include Daily Deli, Burgers Etc., Pepper's Pizza & Pasta, Cisco's Mexican Fiesta, and Hook, Line 'n Sinker seafood.

The logoed signage and menus are designed to help the units compete with the commercial sector, and provide optimum space utilization for the operator. All Bon Appetit modules are merchandised to the point of sale with colorful canopies, awnings, menu boards, and other support materials.

Certainly, Morrison's Custom Management has put an emphasis on merchandising support materials. "The contractor has to be more creative than ever before," says Pryor, who notes that a "sizable" investment was made in the food styling and production of Fast Takes four-color materials, which appear in health-care magazines and are sent by direct mail.

The company also offers extensive merchandising support for unit managers in the form of monthly Promotions in Motion bulletins and an annual calendar of hints. Last year's calendar, called "Puttin' on the Hits," featured a major '50s promotion as well as smaller ones themed to topics ranging from the baseball season opener to W.C. Fields' birthday.

DIETARY SERVICES. In its health-care accounts, MCM has also placed an increasing emphasis on nutrition programs. "Nutrition will be one of the most important aspects of health care in the '90s," says Fran Michels, vice president of nutrition services for Morrison's Custom Management and a registered dietitian. "In the past, it wasn't a bottom-line program. Now, with the cost and revenue squeeze in hospitals, it most certainly is."

"In years past, clinical dietary services were thought of as a necessary evil," adds vice president Fred Whitlock. "Now, they're being looked at as both a revenue source and a marketing tool."

Two other influences are reshaping the field, says Michels: new advances in dietary science and heightened awareness by physicians of the importance of nutrition to patient recovery and wellness. New uses for customized nutritional regimens are being found in areas such as trauma centers and intensive care wards. And new techniques of feeding the seriously ill patient are being discovered.

In addition to their customary duties of inpatient feeding, MCM-run dietary departments are called upon to perform outpatient and community services such as diet counseling for cardiac and diabetes patients and to run weight loss programs.

In the past several years, Morrison's Custom Management has also recognized the importance of nutrition to the mainstream customer with its trademarked PhD, or Pro-health Dining, program. Utilized in employee dining centers in health care as well as B&I and other contract accounts, the PhD program consists of hot and cold selections with less than 500 calories, and reduced amounts of sugar, fat, sodium, and cholesterol. Selections are attractively presented with colorful fruit and vegetable garnishes, and include such items as West Indies-style seafood salad, seafood and pasta plate, ham croissant sandwich with sliced fresh strawberries and orange wedges, and pitas stuffed with ham and vegetables.

FREEDOM OF CHOICE. MCM describes PhD as a "freedom of choice program." PhD is evidence of a practical, realistic mindset regarding nutrition. "If you eat PhD items, it doesn't mean you're on a diet," says Pryor. "Conversely, if you

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"Speed of service has become more important than ever before. It really impacts our business because the decision to patronize a cafeteria is often made far in advance."

JOHN PRYOR

The company emphasizes high-quality, scratch-made food items.

TOP FIVE HEALTH-CARE FOODSERVICE PROVIDERS

RANKED BY NUMBER OF HOSPITAL CLIENTS, 1988

CONTRACTOR	NUMBER OF CLIENTS
Morrison's Custom Management	434
Marriott Corp.	333
ARA Healthcare Nutrition Services	277
Seiler/FDI	136
ServiceMaster Co.	134

SOURCE: *Modern Healthcare Magazine*

don't eat PhD, it doesn't mean you're not eating right." PhD is designed to appeal to the large portion of the public who watch what they eat on an intermittent basis.

Morrison Inc. has always espoused a philosophy of scratch preparation within its restaurants, and it should come as no surprise that MCM, too, favors scratch cooking and baking for virtually all of its food. MCM also attempts to prepare food as close to serving time as possible, to avoid the loss of quality that occurs in prolonged holding. For similar reasons, it looks askance at approaches such as the "cook-chill" method of advance food production.

"When you cook, chill, and reheat a food item, you're serving leftovers," insists MCM vice president Whitlock. "We'd rather take an item out of the oven at 11 a.m., slice it, plate it on heated china, and serve it right away."

ON-PREMISE COOKING. "A lot of companies are moving away from scratch cooking and baking," adds MCM president Byrum. "But we think it's most cost-effective to prepare as much as possible on premise, rather than using ready-to-eat products." He also notes that the company maintains a 12-member team of traveling chefs who open new accounts, train kitchen crews, and conduct refresher courses for staffs of established accounts.

MCM's food philosophy is evident at the employee cafeteria of Mobile Infirmary Medical Center, which has a staff of 18 food production workers, including four bakers. A typical lunch selection on the hot line includes sliced flank steak, fried chicken livers, baked cod with a crunchy topping (a PhD item), baked potato and broccoli bundles plus two or three other hot vegetables, fresh-baked corn fritters, corn bread and dinner rolls, and hot apple dumplings in puff pastry. Cold selections include an array of cold salads, PhD sandwiches and salads, fresh fruit, pies, cakes, and other desserts. Colorful vegetable garnishes abound on the serving line, and greenery is used to spruce up stainless-steel serving lines. Every effort is made to create an attractive presentation.

Although the health-care sector will provide the bulk of MCM's future growth, the company is well positioned to take advantage of opportunities in a number of contract sectors. The business and industry segment of contract foodservice, for instance, should grow more quickly than the industry overall, with a 3% projected real compound annual growth between 1988 and 1992, according to *RB*'s Restaurant Growth Index. But the field presents challenges nonetheless. "It's tough to keep people in the building for meals, and more clients are reluctant to pay subsidies," says I.V. Mashburn, vice president of MCM's Dining Services division. Comprising mainly B&I and college accounts, Dining Services accounted for 21% of MCM's 1989 revenue.

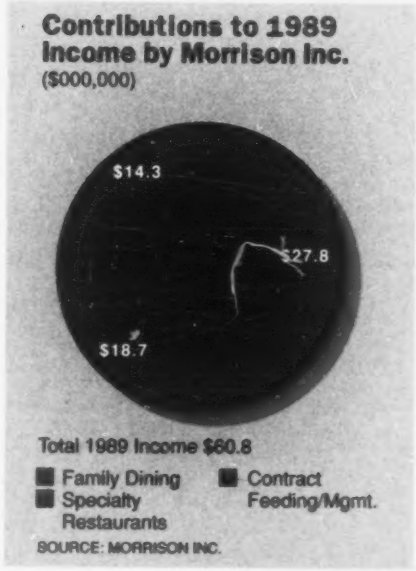
THE COMPANY WILL FOCUS ON UPGRADING EXISTING ACCOUNTS, MAINTAINING A 10% RATE OF GROWTH.

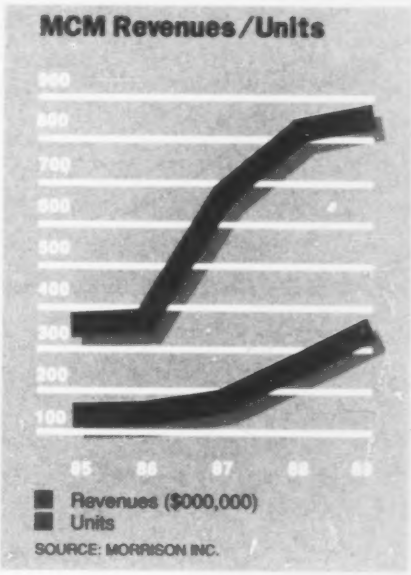
A major occupation for the Dining Services division is standardizing procedures in the accounts it absorbed in the Custom Management and Dobb's acquisitions. But acquisition has also given the division a promising new line of business, namely the upscale corporate and entertainment-industry accounts of Manask Food Service, added in 1989.

Based in Toluca Lake in Southern California, Manask operates as an arm of MCM, but a highly autonomous one, directed by cofounder Art Manask. It specializes in upscale accounts such as executive dining rooms and film studios. Among its leading accounts are Universal Studios, Lorimar Studios, CBS/MTM Studios, and the J. Paul Getty Museum. Catering to celebrities on sound stages is generally a luxurious affair distinguished by table linen, china, glassware, wines, and per-meal outlays of $15 or more, as well as demands for fare as unpretentious as nachos and hot dogs.

In the future, Dining Services will seek growth in upscale accounts as well as in its traditional B&I and college business, says Mashburn.

One of MCM's best new opportunities is its retirement services. The company currently services 74 accounts, but that is ex-





CHARTS BY STEVEN HILL

pected to swell considerably as MCM tracks the fast-growing segment of the population aged 75 and older.

Three years ago, the company separated its health-care and retirement accounts into different divisions. "There are different skills required in each area," says senior vice president Glen Davenport. "For example, since we have table service for residents, it is more helpful for our foodservice directors to have full-service restaurant experience rather than cafeteria backgrounds."

HEALTHY AND ACTIVE. Serving the bedridden elderly in nursing homes is only a portion of the retirement services market, Davenport points out. Today, many senior citizens remain healthy and active well into their later years. They live in attractive, apartment-style retirement complexes, often sharing an apartment with a spouse. Many take responsibility for all or most of their personal care.

Mealtimes are often the big events of their day. Senior citizens take an interest in dining trends such as ethnic foods and special menu promotions such as Mardi Gras. Retirement services menus are much the same as those used elsewhere in Morrison's Custom Management accounts, although portions are smaller, and the seasoning and temperature of food is carefully adjusted to account for changes in sensory perception among the elderly.

Another new line of business for MCM is the division known as Morrison's Custom Environmental Services, which provides support services including housekeeping, energy management, and security on a contract basis. The division is currently small, but it, too, has strong anticipated future growth. "The institutions are screaming for help," says division vice president Bob Madigan.

BUNDLING UP. Institutions are increasingly turning to contractors to "bundle up" such services, to gain economies of scale, furnish technical expertise, and cure cost and labor headaches, Madigan explains.

MCM is a distant third in the industry hierarchy with 70 environmental services accounts, mainly in the health-care sector, but also in the college and B&I areas. It trails 1,200-account Service Master Corp., and Marriott Corp., which has grown by acquisition to more than 900 accounts.

"Our sales force can offer a 400-bed medical center a whole menu of services, with or without foodservice," says Madigan of the division's marketing strategy. "Just as with our other professional contract services, we offer field supervision, computer tracking, and other skills."

With such a diverse portfolio of strengths, MCM seems destined to become a more significant presence in the contract sector. In fiscal 1990, the company's focus will be on upgrading existing accounts, aiming at revenue growth in the vicinity of 10%, at the same time reducing general and administrative expenses, accounts receivable, and inventory. Revenue growth could be higher if additional acquisitions occur, although none are planned at the moment.

"There's still a great deal of growth potential left in the contract business," says Bishop. "We're more delighted than ever to have Morrison's Custom Management as part of our company." ‡

"We're looking at dietary services as a new marketing tool. In the past, we've treated dietary services as no more than a necessary evil."

FRED WHITLOCK

BREAKFAST

MARKET SEGMENT REPORT

Total morning traffic is off 2% for 12 months ending August 1989.

By Kevin Farrell

THE BLOOM IS OFF THE breakfast rose for many operators. Especially at the lower end of the price scale, consumers are delivering a loud message to restaurateurs: They'd rather stay at home for breakfast—or skip it altogether.

According to CREST, a service of NPD Research, total industry breakfast traffic is off 2% for the 12 months ended August 1989. The quick-service segment was hit the hardest, with a traffic decline of 4%, while the midscale segment was off 1%. However, the upscale segment posted a 2% increase in breakfast traffic during the same period. During the final quarter (ended August, 1989), traffic counts were more positive: Upscale breakfast traffic was up 10%, and midscale also rose 4%, but quick service declined 4%.

PROMOTION-DRIVEN. "These numbers indicate that consumers' breakfast behavior is changing—which is complex, but it also may indicate something simpler," says Robert O'Brien, an account executive for NPD Research. "It seems that breakfast business is closely associated with promotions. When there isn't a promotion going on—especially in the quick-service category—breakfast business falls off.

"Also, new product introductions drive this segment. So, in the absence of new products and promotions, you get these kinds of traffic drops." O'Brien points out that the last big rash of breakfast promotions was in late 1987 and early 1988, when McDonald's, Burger King, and Hardee's were all in the midst of huge promotions. Not coincidentally, according to CREST, those were the last strong breakfast quarters for foodservice.

But some observers—as well as operators—think the downturn in the breakfast market over the last 18 to 24 months indicates something more fundamental.

"We're not seeing exactly the numbers CREST is reporting, but we certainly do have 'pockets' where we are experiencing those kinds of drops," admits Jon Ostrov, vice president of marketing for 264-unit Country Kitchen International, a division of Minneapolis-based Carlson Companies.

According to Ostrov, the general drop in breakfast business is attributable to a number of factors. "For one thing, I think people are changing their dining habits," he says. "They are not eating breakfast as often as they used to." Health concerns are one explanation for the decline in consumption of a meal that is often associated with high levels of fat and cholesterol. "And, with more dual-income couples having children who have to be gotten off to school or day care every morning, stopping for breakfast has become out of the ques-

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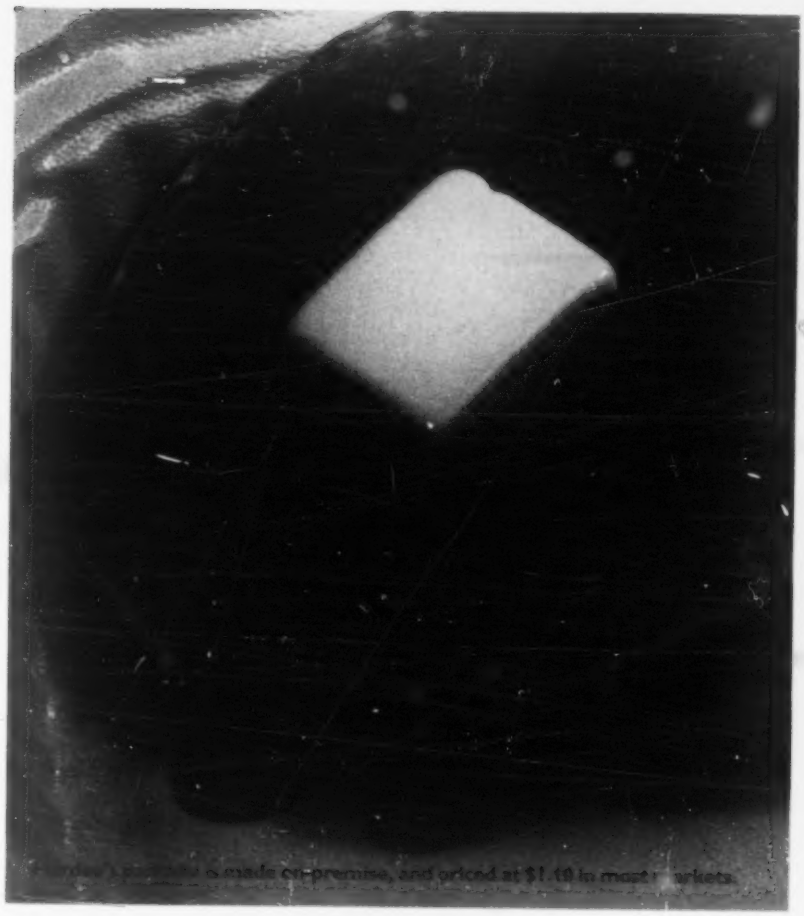


tion for a lot of families."

CREST data show that 86% of all breakfast parties are composed of adults, indicating that the daypart is not a family occasion like lunch or dinner. In addition, over 50% of all breakfast diners are aged 35 to 64. These numbers reveal the dependence of the industry on adult traffic at breakfast.

EXTERNAL FACTORS. Many operators agree that there is increasing competition for the morning daypart from grocery stores and convenience stores.

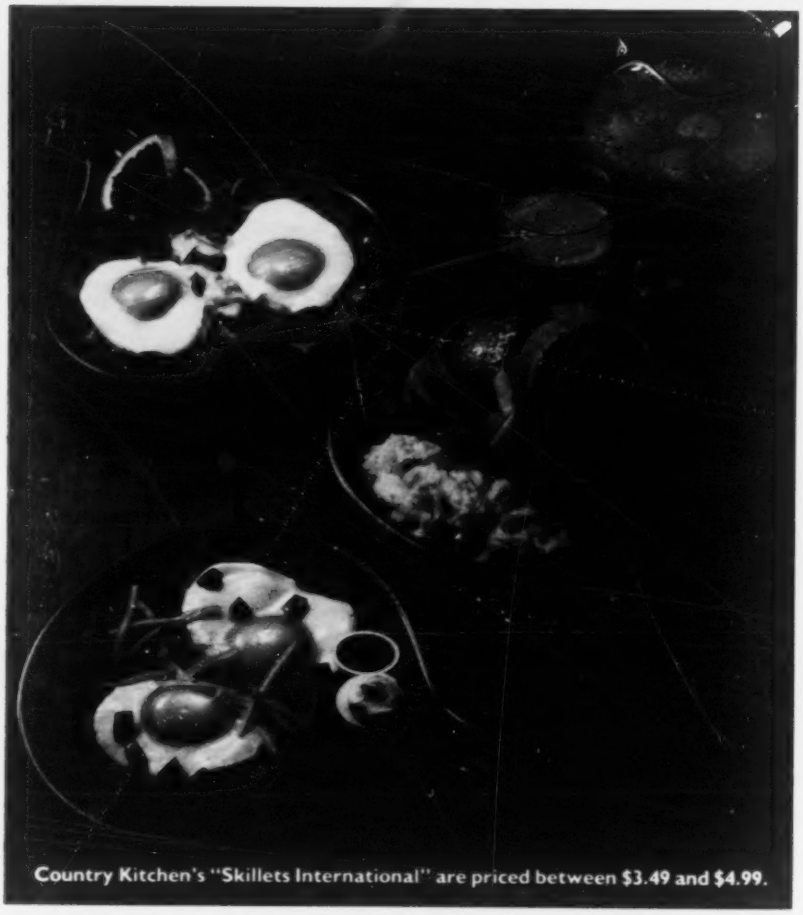
"The foodservice industry is getting killed in the cereal sections of the grocery stores," acknowledges John Merritt, head of public relations for Rocky Mount, NC-based Hardee's. "The cereal manufacturers have new products that have attracted a lot of attention. And it's hard to compete with some of the cereals' new nutrition claims."

The quick-service segment was hit hardest, with a breakfast traffic decline of 4%.

In fact, a number of chain restaurant operators think that breakfast away-from-home may be in trouble due to the very nature of the products served. "Look at what we're selling for breakfast," points out Patrick Morris, executive vice president of Perkins, a Memphis-based chain of about 360 family restaurants. Many traditional breakfast items are relatively high in fat and cholesterol.

In response, many chain restaurant operators have added—or are currently developing—menu items designed to attract patrons who are concerned about fat and cholesterol. Some of these new items have proven tremendously successful—like International House of Pancakes' Harvest Grain and Nut Pancakes and Bob Evans Farms' oatmeal.

"The demand for healthy menu items for this meal period isn't just a trend anymore, it has become a way of life," says Roseanne Bye, vice president of TG Marketing in Anaheim, CA. Bye was formerly head of product development for Denny's and she now consults with leading chains on their menus. Recently, she completed a reworking of Coco's menu.



Country Kitchen's "Skillets International" are priced between $3.49 and $4.99.

Says Barry Krantz, head of Coco's, an Irvine, CA-based chain of 60 units that has become more innovative in the last year: "We're about to unveil a series of dramatic changes, but we can't talk about it right now." Insiders say that Coco's will go after a convenience-oriented, health-conscious consumer.

QUICK AND HEALTHY. And that points out the fine line that players must walk in the breakfast segment. While consumers are apparently clamoring for healthier breakfast alternatives, they also want their meals—especially breakfast—to be quick and, just as often, portable. "It is extremely difficult to provide a breakfast product that fulfills all those requirements,"

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notes the head of marketing for one major fast-food chain. "We have tried for a long time to develop something that is nutritious—or at least perceived to be—can get out the door quickly, and can be eaten while the consumer is driving with one hand. And we haven't been successful," he admits.

Combining these factors—nutrition, speed of service, and portability—is admittedly a monumental task. San Diego-based Foodmaker's Jack In The Box division has developed what may come the closest to the ideal—its scrambled pita pocket. Scrambled eggs, ham, and other ingredients are stuffed in pita pocket bread. Intended as an extension of the chain's phenomenally successful steak and chicken fajita pita pocket sandwiches, the egg product has proven successful since its introduction in mid-1989. And it can be ordered without the ham, although that increases the wait time.

Jack In The Box is well known for its innovative menu items targeted at a more upscale, heavy user of fast-food products. The 1,000-plus-unit chain is considering other alternatives to meet the triple requirements of speedy service, nutrition, and portability.

But all is not gloom in the breakfast market. Far from it, in fact. Many of the chains contacted report that their overall traffic is flat or only slightly down. They say that sales have continued to grow, partly through increased prices but also as a result of increased check averages. And upscale restaurants and hotels are doing an excellent breakfast business.

CREST data indicate that, from 1984 to 1988, total industry breakfast traffic increased 5%, largely riding a wave created by the quick-service segment, with a whopping 22.3% gain over that time period.

More good news for the food-away-from-home segment is that those breakfast cereal nutrition claims may

In the same period the upscale segment posted breakfast traffic gains of 2%.

be just that—claims. Recent studies have debunked consumer thinking about the cholesterol-battling benefits of oat bran, so the cereal boxes that suddenly sprouted "oat bran" on their packaging 12 to 18 months ago may begin to disappear just as quickly. That's not to say that consumers will be returning to fat- and cholesterol-laden breakfast foods, but it may neutralize—

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or at least lessen—a competitive advantage that food-at-home appeared to enjoy over food-away-from-home for the morning daypart.

In addition, the concern over healthy menu items and eating a nutritious breakfast is far from a universal phenomenon. "We have many, many customers who are not concerned about health issues," says Ostrov of Country Kitchen, an all-franchised chain that is a strong contender in the breakfast market in many rural and other nonurban markets.

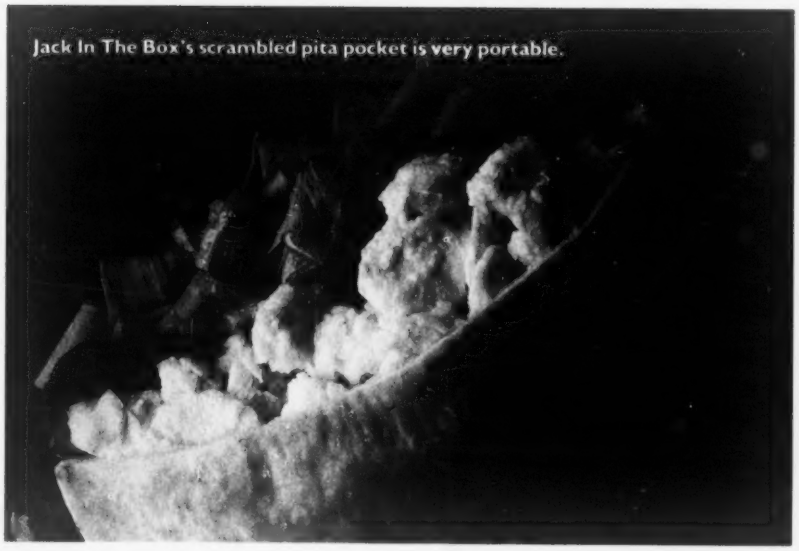
> n Helena, MT, for example, we have people who come in a number of mornings every week. It is unlikely that they even know their blood cholesterol levels," Ostrov adds. "I'm not saying this to criticize our customers, but to point out that these issues are more important to some consumers than to others."

Ostrov's observations about regional differences in consumer tastes are echoed by many other chain operators. "We do see some differences in traffic patterns, and the change tends to depend on the region," says Bob Wood, executive vice president and chief operating officer of the restaurant division of Bob Evans Farms Inc., a Columbus-based chain with 270 units.

"Overall, our business is flat, although some regions are hurting and others are up," says Wood. "Different markets have different breakfast personalities. Some items sell well in some parts of the country—especially at breakfast—while they don't sell well at all in other areas."

In fact, according to Wood and other chain executives, tastes at breakfast differ more regionally than for any other meal period. While the whole country has been exposed to biscuits by some fast-food breakfast programs, they still sell well only in the South and Southeast. Grits are popular in Southern markets but unheard of in most others.

In states with a strong Mexican heritage, spicy egg dishes sell well. "But we can't sell our Mexican omelet outside Denver," laments Morris of Perkins.



Jack In The Box's scrambled pita pocket is very portable.

Promotions and new product introductions seem to be driving breakfast sales.

And, while some areas of the country are not as breakfast-oriented as others, some chains see a tremendous disparity in breakfast business on a regional basis. For Bakers Square, a 157-unit division of Denver-based VICORP, "Breakfast sales vary from location to location," says marketing executive vice president Tom Wirt. "We purchased a number of old Sambo's locations that did a strong breakfast business, and in those we see 20% to 25% breakfast traffic. But in the Midwest, where we aren't really a breakfast player, we see only 5% to 7% of our business coming from breakfast."

So regional differences are numerous, especially when the speed of service/nutrition/portability equation is added to the mix. "It's easy to see why some areas are experiencing strong breakfast business while others aren't when these factors are taken into account," adds Wood. There are also strong regional economic differences.

And there are differences in breakfast consumption from day to day as well. Morris of Perkins reports that breakfast traffic for weekdays is "off a little," but that "weekend sales are going gangbusters. People want to eat something special on weekends."

Ostrov agrees: "We see the 'treat' phenomenon. People will eat healthy at breakfast all week and then have a huge weekend brunch with all the foods they don't allow themselves all week. That translates into strong weekend sales

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for us." For Country Kitchen, 50% of all breakfast sales are from those two days—Saturday and Sunday.

While midscale restaurants may be seeing good traffic levels on Saturdays and Sundays, they are generally experiencing trouble in their "home" meal daypart—weekday breakfast. According to CREST, what upswing there has been in the breakfast market from 1982 to 1989 has been in the quick-service segment, and it has clearly been at the expense of midscale eateries.

In 1982, fast-food restaurants had a 46% share of the breakfast market in terms of traffic, while midscale had 48%. By 1988, fast food had captured 57% of the traffic, and midscale decreased to 38%. The upscale segment, over the same time frame, remained relatively flat, going from 6% in 1982 to 5% in 1988.

RADICAL CHANGES. Clearly, the fast-food concept of breakfast has radically changed the morning meal period. Over the last decade, breakfast became more homogenized as the major chains installed their version of a quick, portable, and inexpensive product through-

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Most dual-income couples with children find that they often don't have time for breakfast.

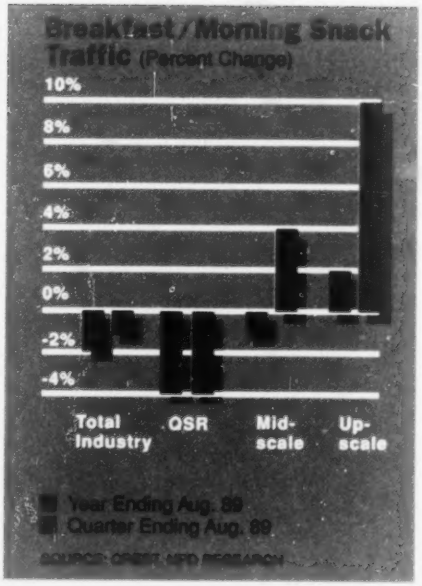
out the United States—and the world. McDonald's revolutionized the breakfast business with its Egg McMuffin breakfast sandwich. Burger King also offers its Croissan'wich breakfast program.

Wendy's breakfast introduction (centered on made-to-order omelets) in 1985 was disastrous, in part because it failed the speed and portability tests. Wendy's is reportedly now working on new breakfast plans, but its concentration has really been on its core businesses of lunch and dinner for the last two years.

Hardee's, with 3,200 units, has built a big breakfast business. Sales are reportedly in the 30%-plus range—much higher than most fast-food operations.

"We have become known for breakfast," says Merritt of Hardee's, "and that is a position we are comfortable with. We want people in our market to think of us when they do decide to have breakfast."

Merritt admits that Hardee's has been hurt by competition from the cereal aisles of the grocery stores, as well as products from convenience stores, and consumer decisions to skip breakfast. But Hardee's has held onto its traffic.



Some competition has come in grocery stores in the form of new breakfast cereals that tout health and nutrition claims.

"In the face of morning traffic erosion, we're flat, not down," Merritt says.

"The reason? It has been an important part of our business that Hardee's is strongly identified with breakfast. So we're not hurt as much by the cereal and donut business as some others might be. Our feeling is that every day should begin with breakfast—breakfast at Hardee's—but, unfortunately, not everyone agrees. It is difficult to convince the non-breakfast eater to start eating the meal. It's a tough sell."

Adds Morris of Perkins: "There's only so much product extension you can do with breakfast, because there seem to be certain foods people want to eat in the morning. So far, you can't get people to eat a salad for breakfast."

The breakfast battle is being fought on the menu boards of chains and inde-

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pendents alike. New products, combination platters, scratch cooking, and price alterations are all tools of the trade when it comes to attracting the consumer, especially at breakfast. Because the check average for the meal period is smaller at breakfast—$2.42, according to CREST—successful breakfast business must be built on more volume or on increasing that check average.

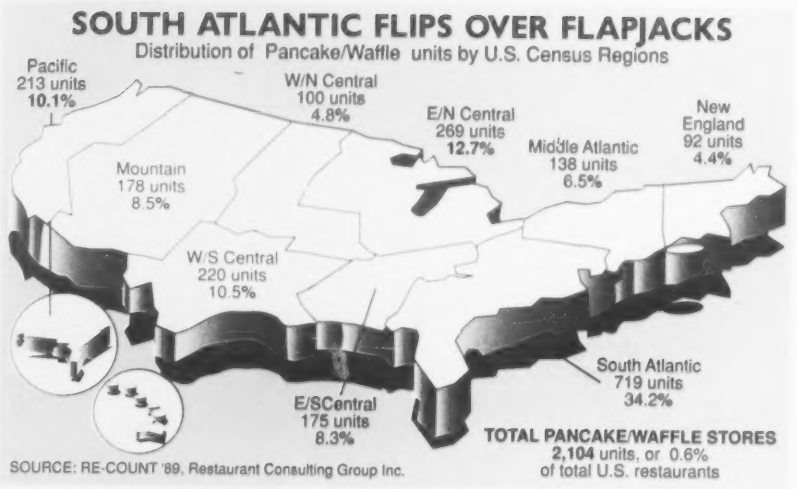
New products in the breakfast daypart are primarily being targeted at consumer health concerns, with speed of service and portability also being addressed. Hof Hut, a 12-unit, Long Beach, CA-based chain, has just added an egg-substitute product to its menu. President Craig Hofman says the product has "a very good taste, and none of the health concerns over cholesterol."

Indeed, health-oriented breakfast products are of paramount importance to players in the breakfast market. When Bob Evans Farms was about to delete oatmeal from breakfast, customer outcry kept it on the menu.

Village Inn, Hardee's, and IHOP have all introduced new pancake products in the last year. Hardee's pancake is a traditional, white-flour product made on-premise, and priced at $1.10 in most markets, or $1.49 with meat. According to Merritt, it is "doing very well, and it isn't cannibalizing other items."

Village Inn's new pancake product is made from scratch on premise, according to president Jim Carter of the 233-unit chain. Another product, whole wheat granola nut pancakes, is also made from scratch; with breakfast meat, it is priced at $4.25 to $4.59 depending upon the market. "Also in response to consumer health concerns, we have improved our fruit compotes and syrups, and we've added fresh strawberries when it is called for on the menu," adds Carter.

IHOP has taken the breakfast business by storm with its Harvest Grain and Nut pancakes. A combination of various flours and nuts, the pancake is also made from scratch on premise.



The chart above details the distribution of pancake/waffle units only. It doesn't fully reflect the many types of restaurants that serve breakfast.

Traffic counts as well as the types of popular breakfast items vary greatly from region to region.

"This has been a phenomenally successful product, well beyond our expectations," says marketing vice president Steve Petisse. North Hollywood, CA-based IHOP, which depends upon breakfast for over 50% of its total sales, has seen average weekly volumes increase, based largely on the sales of this new product. "We're trying to attract a different kind of customer with this product," adds Petisse.

Skillet breakfasts have proven to be significant sales opportunities for these chains. "And, more importantly, these products can work at lunch and dinner as well," says Wood of Bob Evans, which recently introduced its "Border Scramble," a $3.95 skillet meal with a Mexican flair. Other chains jumping on the skillet bandwagon include Country Kitchen, Perkins, and Village Inn.

Country Kitchen's "Skillets International" line includes a Fiesta skillet, a french toast skillet, and a beef and onion skillet. They are priced between $3.49 and $4.99, depending upon item and market. Currently, the skillet dishes are being promoted with the addition of a 6-oz. glass of orange juice. "We're trying to stimulate trial and add value with the orange juice," says Ostrov.

As O'Brien of CREST points out, breakfast traffic increases are inevitably tied to promotional activities like Country Kitchen's. "The only real traffic increases for breakfast are promotion-driven," says O'Brien. As a result,

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these chains face the difficult decision about whether to focus on marketing breakfast or the other dayparts.

"Our most recent promotion drove breakfast traffic up 4%," says Mary Neal, director of marketing for Lewisville, TX-based Grandy's, a 202-unit division of the American Restaurant Group. "But it increased breakfast sales by 10% to 15%," she adds.

Ostrov of Country Kitchen reports that the chain promotes a weekend buffet for $4, which helps to take pressure off the kitchen and enables the restaurant to serve more people faster. "We have to continually reinforce consumer perception of us as 'the breakfast place,'" he adds. Out of four to five major promotions a year, one or two are usually aimed at breakfast, Ostrov reports.

One-third of Bob Evans' television advertising dollars in 1989 was spent on breakfast. Wood expects this percentage to remain constant in 1990.

HERITAGE. Village Inn, the VICORP subsidiary based in Denver with about 270 units, is on its way up following a turnaround in the last year. It recently completed a breakfast promotion featuring its new pancakes. "Breakfast is our heritage, and we have to keep focused on that meal period," says Carter. "I think some other companies are taking a big risk in moving away from breakfast and concentrating too much on lunch and dinner."

Denny's, the 1,200-unit behemoth of the breakfast business, is not currently running any breakfast advertising on

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Recent CREST data show that 86% of all breakfast parties are composed of adults. About 50% are aged 35 to 64.

television. "We're focused on lunch and dinner right now," says Sue Henderson, vice president of marketing for the Irvine, CA-based chain, a division of TW Services.

Henderson reports that Denny's Grand Slam breakfast, a staple for the chain for over a decade, is still going strong. "It is the second-largest seller in our restaurants, after coffee," she says. The Grand Slam is a platter of two eggs, two pancakes, two strips of bacon, and two sausage links. It sells for $3 to $4, depending upon location.

Many chains are reworking menus or testing healthier breakfast items.

Denny's has recently extended the Grand Slam line with the addition of a French Slam (four pieces of french toast in place of the pancakes, priced at $3.69), a Belgian Waffle Slam (with waffles in place of the pancakes, priced at $3.69), and a Southern Slam (two biscuits with sausage gravy replacing pancakes, also priced at $3.69).

Denny's success with this "bundling" strategy has not gone unnoticed by other chains. Grandy's "Grand Breakfast" is similar, as is Coco's "First Deal of the Day." Other chains are exploring the bundling idea. It is a highly promotable concept and allows chains faced with Denny's market presence and strengths to go head-to-head.

Denny's Grand Slam breakfast

nother idea of Denny's that appears to be catching on is a service guarantee. Speed of service has really become the midscale segment's Achille's heel at breakfast, and there are few ways to deal with it. Admits IHOP's Petisse: "You really can't fight fast food directly on this issue. You have to offer something different in hopes of attracting the consumer. We give them a great meal without the packaging, but it takes longer. It's a trade-off for the consumer."

Partly in response, IHOP, with over 480 units, has inaugurated a "Fast Break Breakfast," which offers certain items with a guaranteed service time of 10 minutes or less. It closely resembles Denny's 10-minute guarantee, which was recently expanded from lunch to breakfast. In both cases, the offer applies only to certain meals. "We see this as a significant competitive advantage," says Henderson of Denny's.

Others have abandoned the fight against fast-food chains—at least directly. "This is not fast food," says Ostrov about Country Kitchen's food.

Fast food is not the only competition. According to *Supermarket Business* magazine, the percentage of frozen breakfast entrees sold in grocery stores has skyrocketed, growing by 17% be-

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tween 1987 and 1988, while the overall frozen-food market gained only 4%.

And convenience stores continue to pose a severe threat to breakfast business, in both the fast-food and midscale market segments. Recent advances in technology allow convenience stores to sell preformulated egg, bacon, and sausage products cooked in hot dog machines. "The machines sit there all day, and they might as well be used for breakfast," says Tom Campbell, an industry consultant. This competition will continue to lure customers away from restaurants.

While fast-food and midscale breakfast markets may be floundering, the upscale segment isn't. As is so often the case, "The consumers at this end of the

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Some midscale chains offer speed-of-service guarantees.

A flour tortilla wrapped around eggs, chorizo, beans, and salsa developed in the *RB* Test Kitchen.

Food quality, speed of service, and portability will continue to be important success factors.

diners aren't too concerned with spending a little extra for breakfast in order to get a great meal," says Tom Kaplan. Kaplan is the founder of Caffe Latte in Los Angeles, which is an offspring of Hugo's, a West Hollywood restaurant long known for its elaborate breakfast menu. Hugo's, owned by Kaplan's father, is where Tom cut his breakfast teeth. "We never had a breakfast business until we made the menu interesting," recalls Kaplan.

Hugo's tremendous success with breakfast spawned Caffe Latte, which opened in 1988. An ideal spot to sit and watch Westside Angelinos grab a cappuccino, Caffe Latte boasts almost 15% of its sales from coffee alone, an almost unheard-of percentage. "Our business is built on quality coffee," says Kaplan, who not only grinds his own beans but roasts them as well, in a process that announces its presence in the restaurant by aroma and sound.

The average check for breakfast at Caffe Latte is $8. Menu items include orange-and-ginger pancakes, cinnamon french toast, and blueberry-lemon pancakes. There is also a wide variety of egg dishes, plus egg-free, and vegetarian dishes. "Breakfast is a tremendous opportunity," says Kaplan.

hip Fisher, the founder of Fisher & Levy, a midtown New York City-based upscale office caterer, agrees. "We're just about to add breakfast to our repertoire, after having our customers beg us for years to do so," he says. "We think serving a quality breakfast to our clients will add significantly to our business," he adds. Fisher & Levy's 1990 sales are expected to top $1.3 million, and average breakfast checks will approach $10.

Many other upscale locations do an excellent breakfast business, especially hotels, which take full advantage of having a captive audience.

The future picture for breakfast is cloudy. Health concerns will likely become more important to more highly educated consumers, but people will also continue to be concerned with food quality, speed of service, and portability. The aging of the baby boom generation could ultimately portend well for the breakfast segment, but it has numerous hurdles to leap between now and then. Competition between segments of the industry, as well as the overall fight between the food-away-from-home market and the food-at-home segment will remain strong.

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DELUXE RED FLANNEL HASH

1, 10-oz. can corned beef hash
5 oz. of canned sliced or julienned beets, drained
2 ½ cups onion, chopped
2 tbsp. margarine
1 tsp. pepper
3 cups sour cream
3 tbsp. prepared horseradish
3 tbsp. parsley, chopped
16 eggs, poached

1. Empty hash into bowl and break up.
2. Chop beets; add to hash. Mix together.
3. Cook onions in margarine over low heat for 10 minutes until soft.
4. Stir onions and pepper into the hash mixture.
5. Combine sour cream, horseradish and parsley in bowl; set aside.
6. Spread hash mixture evenly into 18" x 36" baking pan. Bake in 550° F. oven for 15 minutes or until browned. Cut into 16 squares.
7. To serve: Arrange each hash portion on serving plate. Top with one hot poached egg. Accompany with 1 oz. sour cream sauce.
(Yield: 16 servings)

BASIC FRENCH (PLAIN) OMELET

Multiply the recipe for as many servings as you need and use ½ cup of the egg mixture for each 2-egg omelet (¾ cup for each 3-egg omelet). For a sweet dessert omelet, substitute a pinch of sugar for the salt and pepper.

2 to 3 eggs
2 to 3 tbsp. water
⅛ to ¼ tsp. salt
Dash pepper
1 tbsp. butter

1. Mix eggs, water, salt, and pepper until blended. Heat butter in 7- to 10-in. omelet pan or skillet over medium-high heat until just hot enough to sizzle a drop of water.
2. Pour in egg mixture. (Mixture should immediately set at edges.)
3. With an inverted pancake turner, carefully push cooked portions at edges toward center so uncooked portions can reach hot pan surface; tilting pan and moving cooked portions as necessary. While top is still moist and creamy-looking*, fill if desired.
4. With pancake turner, fold omelet in half or roll, and invert onto plate with a quick flip of the wrist or slide from pan onto plate.
** It is better to fill omelet when it is slightly underdone. Heat retained in eggs completes the cooking.*
(Yield: 1 serving)

SANTA FE POPOVERS BENEDICT

48 large eggs
48 prepared popovers, entree size
4 small avocados, diced
2 small tomatoes, diced
48 oz. Southwest Hollandaise sauce*
24 black olives, halved
Red cabbage slices, as needed

1. Poach eggs in acidified water; hold.
2. Slice ½-inch off the bottom of each popover and discard. Place 2 inverted popovers onto 24 heated entree platters.
3. Place a poached egg in the center of each popover.
4. Divide and arrange the avocado and tomato on each egg.
5. Top each poached egg with a heaping spoonful of Southwest Hollandaise sauce and black olive half.
6. Garnish each plate with cabbage, if desired.
** To one-half gallon of Hollandaise sauce, add ½ cup prepared Cajun spice blend, 1 cup finely diced sweet red pepper, ½ cup chopped green onion, ½ cup dry vermouth, if desired, and 2 tsp. chopped cilantro.*
(Yield: 24 portions)

HEARTLAND GARDEN TORTE

1 lb. 2 oz. artichoke hearts, julienne
1 lb. 2 oz. fresh mushrooms, sliced
6 large leeks, thinly sliced (white only)
1 lb. 2 oz. sweet red pepper, julienne
1 lb. 2 oz. zucchini, julienne
Butter, as needed
12 oz. shredded cheddar cheese
12 oz. shredded Swiss cheese
12 oz. shredded peppered Jack cheese
36 (6" diameter) prepared plain crepes
36 large eggs, beaten
Chopped chives, as needed

1. In three separate pans, sauté artichokes, mushrooms and leeks, and peppers and zucchini in butter. Season, drain and set aside.
2. Combine all cheeses.
3. Lightly oil six, 7-in. cast iron skillets or straight-sided round baking pans.
4. In each skillet or pan, layer the ingredients in the following order:
- 1 crepe
- ⅓ artichokes
- ¼ beaten eggs
- 1 crepe
- ⅓ cup cheese blend
- 1 crepe
- ⅓ mushroom-leek mixture
- ¼ cup eggs
- 1 crepe
- ⅓ cup cheese blend

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Almond Pilaf $3.35

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For information circle number 57

1 crepe
¼ pepper-zucchini mixture
¼ cup eggs
1 crepe
½ cup cheese blend

5. Bake in 350° F. conventional oven for 30 to 35 minutes or in 300° F. convection oven for 15 to 20 minutes, until eggs are baked.
6. Cool 5 minutes. Cut into quarters.
7. Top each slice with chives.
(Yield: 24 portions)

BASIC PUFFY (SOUFFLE) OMELET

4 eggs, separated
¼ cup water
½ tsp. cream of tartar or lemon juice
¼ tsp. salt
1 tbsp. butter

1. In large mixing bowl, beat egg whites with water and cream of tartar at high speed until stiff but not dry, just until whites no longer slip when bowl is tilted. In small mixing bowl, beat egg yolks with salt at high speed until thick and lemon-colored. Gently, fold yolks into whites.
2. Heat butter in 10-in. omelet pan or skillet with ovenproof handle over medium-high heat until just hot enough to sizzle a drop of water. Pour in egg mixture and gently smooth surface. Reduce heat to medium. Cook until puffed and lightly browned on bottom, about 5 minutes. (Lift omelet at edge to judge color.) Bake in preheated 350° F. oven 10 to 12 minutes, or until knife inserted halfway between center and outside edge of the omelet comes out clean. Loosen the omelet edges with spatula.
3. To serve folded, with a sharp knife cut upper surface down center of omelet but *do not* cut through to bottom of omelet. Fill, if desired. Tip skillet. With pancake turner, fold omelet in half and invert onto warmed plate or platter with a quick flip of the wrist. To serve open-faced, invert pan over warmed plate or platter, or slide omelet from pan onto plate. Spoon or sprinkle filling over top, if desired.
4. Cut in half or into wedges. Serve immediately.
(Yield: 2 servings)